

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

RECEIVED

APR 10 1995

In the Matter of)

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Amendment of the Commission's Rules)
Regarding Unbundling of Local Exchange)
Carrier Line Facilities)

RM 8614

DOCKET FILE COPY ORIGINAL

Comments of Bell Atlantic

Edward D. Young, III
Michael E. Glover
Of Counsel

Edward Shakin
Randal S. Milch

1320 North Court House Road
Eighth Floor
Arlington, VA 22201
(703) 974-4864

Attorneys for the
Bell Atlantic Telephone
Companies

April 10, 1995

No. of Copies rec'd
List A B C D E

Handwritten signature/initials

TABLE OF CONTENTS

I.	Summary and Introduction	1
II.	The Petition Calls for Commission Encroachment on Authority Reserved to the States by the Communications Act	2
	A. The Commission lacks jurisdiction	2
	B. Federal action would disrupt state regulatory policies and proceedings	6
III.	Competitive Alternatives Are Available to Provide Local Service	8
	Conclusion	10

RECEIVED

APR 10 1995

Before the
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
Amendment of the Commission's Rules) RM 8614
Regarding Unbundling of Local Exchange)
Carrier Line Facilities)

Comments of Bell Atlantic¹

DOCKET FILE COPY ORIGINAL

I. Summary and Introduction

MFS is a billion dollar company² seeking to take federal advantage of state-based social pricing policies for local exchange services. MFS asks the Commission to ensure that MFS can purchase local loops for less than the below-cost, averaged retail prices that the local exchange companies must offer to ensure universal and ubiquitous local telephone service. MFS's request should be rejected.³

Intrastate pricing and technical standards for local loop unbundling are precisely the type of local regulatory matters reserved to the states by the Communications Act. The federal

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; Bell Atlantic-West Virginia, Inc.

² MFS Communications Company's financial statements indicate that by the end of 1993, this growing company already had over \$900 million in assets. MFS Communications Company, SEC Form 10-K at Balance Sheet (filed March 31, 1994).

³ MFS Communications Co. Petition for Rulemaking (filed March 7, 1995) ("MFS Petition").

interference requested by MFS will disrupt pending state proceedings on the complex and diverse local technical and pricing issues associated with loop unbundling. State regulators already are moving ahead to address the concerns raised by MFS, even while other competitors are rapidly deploying alternatives to the local loop that MFS maintains are unavailable. Federal interference in these local issues is unwarranted; the Commission should deny the petition.

II. The Petition Calls for Commission Encroachment on Authority Reserved to the States by the Communications Act

The MFS Petition calls for the Commission to overstep its jurisdiction and supplant local control in an area reserved to state regulators. Commission-imposed standards for local loop unbundling would create national regulation of local telephone exchange facilities. Absent new legislation, the Commission lacks authority to take such action. Moreover, as a matter of policy, the Commission should decline to seek dominion over what is the quintessential area of local control, particularly when local authorities are in the midst of resolving these issues.

A. The Commission lacks jurisdiction.

The Communications Act explicitly limits the Commission's powers and reserves certain matters to the states in language that is "as sweeping as the wording of the provision declaring the

purpose of the Act and the role of the FCC."⁴ In Section 152(b), Congress made clear that the Commission lacks authority over "charges, classifications, practices, services, facilities, or regulations for or in connection with intrastate communication service by wire or radio of any carrier."⁵

In interpreting the limits imposed by Section 152(b), courts have recognized that "jurisdictional tensions may arise as a result of the fact that interstate and intrastate service are provided by a single integrated system."⁶ These tensions cannot be balanced solely on the side of federal preemption. "An agency may not act at all, let alone preempt state authority, in an area where Congress has explicitly denied it jurisdiction."⁷ That is the case here.

The local loop is the quintessential area of local regulation. The Separations process recognizes and accounts for the use of the

⁴ *Louisiana Public Service Commission v. Federal Communications Commission*, 476 U.S. 355, 370 (1986) ("*Louisiana PSC*").

⁵ 47 U.S.C. § 152(b). The legislative history confirms that significant power was reserved to the states to regulate intrastate communications. *McDonnell Douglas Corp. v. General Telephone Co. of California*, 594 F.2d 720, 724 (9th Cir.) (quoting 78 Cong. Rec. 8823 (1934): ". . . where existing intrastate telephone business is being regulated by a State commission, the provisions of the bill shall not apply. . . ."), *cert. denied*, 444 U.S. 839 (1979).

⁶ *Louisiana PSC*, 476 U.S. at 375.

⁷ *National Association of Regulatory Utility Commissioners v. FCC*, 880 F.2d 422, 428 (D.C. Cir. 1989) ("*NARUC*") (citing *Louisiana PSC*, 476 U.S. at 374).

local loop in the completion of interstate calls. Such use, however, does not change the fundamentally local nature of the local loop. Courts,⁸ the Commission,⁹ and even advocates of local loop unbundling¹⁰ have recognized that interstate interconnection to the local loop does not give the Commission the right to exercise jurisdiction over this intrastate service and facility.

MFS argues that the inseparable nature of the local loop facilities authorize the Commission to preempt state regulation.¹¹ They are wrong. "[T]he *only* limit that the Supreme Court has recognized on a state's authority over intrastate telephone service occurs when the state's exercise of that authority negates the

⁸ See *McDonnell Douglas*, 594 F.2d at 725 (if centrex service becomes interstate "merely because it can be connected with other wire systems that are interstate, then it is difficult to imagine what type of telephone service would not qualify as interstate in a similar manner"); *Kitchen v. FCC*, 464 F.2d 801 (D.C. Cir. 1972) (finding that Section 214 authorization was not required because the Commission lacked jurisdiction over telephone exchange buildings).

⁹ See *Application of New Jersey Bell Telephone Company*, 9 FCC Rcd 3687, 3688 (1994) ("Because local exchange facilities almost always connect at some level with facilities dedicated to interexchange interstate services, one could read Section 214 to require FCC certification before construction of any local exchange facilities. That reading, however, would eviscerate the notion of purely intrastate facilities and has not been our practice.")

¹⁰ See Telecommunications Reports, March 13, 1995, at 3 (quoting Robert Atkinson, Senior Vice President-regulatory and external affairs for Teleport Communications Group: "If the state regulatory commissions don't have jurisdiction over the local loop, they don't have jurisdiction over anything").

¹¹ MFS Petition at 31.

exercise by the FCC of its own lawful authority over interstate communication."¹² Commission authority is not negated by state regulation of the local loop. As MFS recognized, pricing of the loop "is capable of being separated between jurisdictions and in fact is separated."¹³ The Commission has the jurisdiction and the ability to determine pricing for the *interstate* use of the loop regardless of individual state policy.¹⁴ Additional relief requested by MFS -- including technical standards for interconnection and pricing of local facilities -- relate to that portion of the loop facility *not* included in the interstate pricing. In other words, MFS would have the Commission exercise control over both the interstate *and the intrastate* portions of the local loop. This is exactly what the Commission is jurisdictionally constrained from doing.

MFS's attempt to federalize intrastate pricing is a transparent attempt to take advantage of local policies favoring

¹² *NARUC*, 880 F.2d at 429. In *NARUC*, the D.C. Circuit accepted federal unbundling of inside wire only because it was necessary to achieve a competitive inside wire market. *Id.* at 431. Here, there is no such need. As shown below, alternative methodologies exist to provide competitive local exchange service. Moreover, unlike inside wire unbundling, federal action on the local loop undermines technical and pricing regulation of basic local service.

¹³ MFS Petition at 32.

¹⁴ See *Rochester Telephone Corp.*, Order, FCC 95-96, ¶ 5 (rel. March 7, 1995) (Rochester sought special waivers from the Commission ". . . to harmonize its interstate common line rates with its implementation of the revised Open Market Plan").

universal service. MFS raises the specter of a "price squeeze"¹⁵ while ignoring the fact that local regulatory policies frequently require the LECs to price their own local services below cost. Any unbundling requirement must look at *all* of these pricing issues and offer a mechanism where the social policy of universal service does not put the LEC at a competitive disadvantage by providing MFS with below cost facilities.

B. Federal action would disrupt state regulatory policies and proceedings.

Even if the Commission had jurisdiction to provide MFS with its requested relief, longstanding Commission policy requires the denial of MFS's Petition. The Commission has required a balancing of "the need for federal guidance in specific areas against the possibility of inefficient or disruptive effects on present regulatory policies."¹⁶ Network configurations, pricing determinations and cost factors -- all of which dramatically affect the structure of unbundling -- vary widely from state to state. State proceedings on local competition standards are already addressing these issues at a level where local differences are

¹⁵ MFS argues that "if a LEC that offers an unbundled loop were to price it at a level so high that MFS and other competitors must sell at a loss in order to match the LEC price for local exchange service, a price squeeze would inevitably result." MFS Petition at 25. Nonetheless, this is exactly what social pricing policies in the states require of the LECs, that they price their dial tone line services at a loss. MFS should not be allowed to dodge those policies by the ploy of invoking (nonexistent) federal jurisdiction.

¹⁶ *Filing and Review of Open Network Architecture Plans*, 4 FCC Rcd 1, 146 (1988).

understood and local social policies can be evaluated. The national requirement sought by MFS would eclipse local proceedings and policies.

The ultimate cost of loop unbundling, as well the technical and operational issues, have been conveniently glossed over by MFS in its petition. Despite MFS's assurance that there are no technical or cost-related impediments to unbundling,¹⁷ there is evidence to the contrary. For example in Maryland, both Bell Atlantic and a potential local competitor have testified that local loop unbundling will create inefficiencies where modern technologies are deployed and will therefore increase costs.¹⁸

Indeed, in Maryland, MFS has agreed to a joint cooperative test to identify and develop the administrative, operational and technical procedures associated with provisioning voice-grade, analog, unbundled loops. As a result of that test, both Bell Atlantic and MFS expect to gain "a clear and comprehensive understanding of the process/functions and associated costs involved in loop unbundling."¹⁹ It is premature and inappropriate

¹⁷ MFS Petition at 35-37.

¹⁸ *See Application of SBC Media Ventures, Inc. for Authority to Provide Local Exchange Telecommunications Service in Montgomery County, Maryland*, Public Service Commission of Maryland, Case No. 8659, Rebuttal Testimony of Edward J. Reisner (Oct. 26, 1994) and Surrebuttal Testimony of Donald E. Albert (Nov. 9, 1994), copies attached as Exhibit 1 hereto.

¹⁹ March 2, 1995 letter from Randal S. Milch, Esq. to Mr. Daniel P. Gahagan, Executive Secretary, Maryland Public Service Commission, Case No. 8584, Phase II, attached hereto as Exhibit 2.

for MFS now to short-change its own test and undermine a state-sponsored investigation.

Other states have established their own proceedings to make similar investigations.²⁰ These local proceedings are the logical and appropriate venues in which to evaluate the local concerns raised by loop unbundling.²¹

III. Competitive Alternatives Are Available to Provide Local Service

MFS argues that local exchange competitors have no alternative to local loop unbundling.²² MFS's position is belied by the fact that competitors are already moving forward using the variety of

²⁰ See, e.g., *Investigation Pursuant to Section 3005 of the Public Utility Code, 66 Pa. Code § 3005, and the Commission's Opinion and Order at Docket No. P-00930715, to establish standards and safeguards for competitive services with particular emphasis in the areas of cost allocations cost studies, unbundling and imputation; and to consider generic issues for further rulemaking*, Pennsylvania P.U.C. Docket No. M-00940587; *Tariffs Filed by MFS Intelenet of New Jersey, Inc. to Provide Local Exchange Services*, New Jersey Board of Public Utilities Docket No. TT95010031; *Application of City Signal, Inc. for an Order Establishing and Approving Interconnection Arrangements with Ameritech Michigan*, Michigan P.S.C. Case No. U-10647. Some jurisdictions have already established rules regarding local loop unbundling and state tariffs have been filed governing the pricing of interconnection arrangements. See, e.g., *Rochester Telephone Corp. Wholesale Tariff*, (New York) P.S.C. No. 1 - Telephone; *New York Telephone Co. Switched Network Access Port Service Tariff*, (New York) P.S.C. No. 900 - Telephone.

²¹ For example, testing and maintenance of local loop facilities are currently done through the local switch. If the loop is unbundled, the routing through the switch becomes optional, and alternative procedures will have to be implemented to guarantee continued loop quality. This is a core responsibility of the local regulator.

²² MFS Petition at 6.

alternatives discounted by MFS. For example, Teleport Communications Group has focused on other connection options including "building its own facilities, using interactive channels derived from cable TV plant, and using wireless links."²³ Teleport's cable TV company owners have combined with Sprint and announced that over the next three years they plan to invest \$2.3 billion to build competitive local facilities using existing cable systems.²⁴ This is in addition to the \$2.3 billion that this consortium has already committed in the PCS license auction.²⁵

Even competitors without the preexisting infrastructure owned by the cable TV companies plan to compete without use of local exchange company local loops. Through its purchase of McCaw Cellular and its investment in PCS licenses, AT&T has acquired "wireless local loop[s]" reaching hundreds of millions of

²³ Telecommunications Reports, March 13, 1995, at 3 (quoting Robert Atkinson, Senior Vice President-regulatory and external affairs for Teleport Communications Group).

²⁴ Telecommunications Reports, March 30, 1995, at 2.

²⁵ *Id.*

customers.²⁶ MCI, with funding from international backers, is investing two billion dollars in its own local infrastructure in major markets.²⁷ This is only the first phase of construction in MCI's announced plans to become a fully competitive local phone company.²⁸ These and other companies are actively creating the alternative loops that MFS claims are impossible. The existence of these competitively viable alternatives confirms the true focus of MFS' petition -- to require LECs to provide MFS local loops at below-cost rates intended for end users, so that MFS can achieve a competitive advantage.

Conclusion

Despite actively pressing for unbundling before various state regulatory bodies, MFS now seeks to use a Commission rulemaking to avoid the local concerns unbundling brings. The Commission should reject MFS's call to supplant local authorities already deeply

²⁶ "Telephony's Competitive Landscape," *Telephony*, May 2, 1994 at 74. According to a telecommunications consultant from the Yankee Group, "Customers will come to view their wireless phones as their single-number access lines, and AT&T will have its direct link to the customer." *Id.* See also Donaldson, Lufkin & Jenrette, *The Wireless Communications Industry* 86-9 (Summer 1994) (AT&T gained 84.5 million potential customers in the service areas ("pops") from its acquisition of the McCaw Cellular properties); *Announcing the Winning Bidders in the FCC's Auction of 99 Licenses to Provide Broadband PCS in Major Trading Areas*, Public Notice, Federal Communications Commission (rel. March 13, 1995) and U.S. Department of Commerce, Bureau of the Census, *U.S. Census* (April 1, 1990) (AT&T gained more than 100 million additional pops in the FCC's broadband PCS auction).

²⁷ J.J. Keller, "MCI Proposes A \$20 Billion Capital Project," *Wall St. J.*, January 5, 1994, at A3.

²⁸ See *id.*

involved in structuring local competition consistent with local concerns and policies. Commission interference would be unnecessary, unlawful and unwise. For the foregoing reasons, the Commission should deny the Petition.

Respectfully submitted,

Edward D. Young, III
Michael E. Glover
Of Counsel



Edward Shakin
Randal S. Milch

1320 North Court House Road
Eighth Floor
Arlington, VA 22201
(703) 974-4864

Attorneys for the
Bell Atlantic Telephone
Companies

April 10, 1995

EXHIBIT 1

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND**

**IN THE MATTER OF THE APPLICATION)
OF SBC MEDIA VENTURES, INC. FOR)
AUTHORITY TO PROVIDE LOCAL) CASE NO. 8659
EXCHANGE TELECOMMUNICATIONS)
SERVICE IN MONTGOMERY)
COUNTY, MARYLAND.)**

**DIRECT TESTIMONY
OF
EDWARD J. REISNER**

**ON BEHALF OF
SBC MEDIA VENTURES, INC.**

August 3, 1994

1 **Q. PLEASE STATE YOUR NAME, EMPLOYER, TITLE AND BUSINESS ADDRESS.**

2 A. My name is Edward J. Reisner. I am employed by SBC Media Ventures, Inc. (SBC-MV)
3 as Vice President - New Services Development. My office is located at 20 West Gude Drive in
4 Rockville, Maryland.

5 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?**

6 A. I am responsible for the implementation of telephony and new video services in
7 Montgomery County for SBC-MV. This includes, but is not limited to, the engineering and
8 construction of the fiber network facilities, selection of vendors, operational support systems,
- telephony switching, interconnection, marketing, staffing and training.

10 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

11 A. I have a Bachelor of Science - Electrical Engineering degree from Texas A & I University
12 in Kingsville, Texas. I have attended advanced management classes at Northwestern University
13 and Brookings Institute.

14 I have also completed training conducted by the Bell System, AT&T, Northern Telecom
15 and Southwestern Bell Telephone Company on switching systems, transmission systems, local
16 distribution systems and operational support systems. I am a registered Professional Engineer in
17 the state of Texas.

1 **Q. DESCRIBE YOUR WORK EXPERIENCE WITH SOUTHWESTERN BELL**
2 **CORPORATION.**

3 A. I was employed by Southwestern Bell in 1974 as a Wire Chief in Marlin, Texas. I held
4 various jobs in the Plant Department and Network Maintenance Department in South Texas, San
5 Antonio and Dallas areas until November 1984, when I was given the responsibility for Dallas-
6 Central Network Maintenance. This responsibility included the oversight of the Ross Avenue
7 Conversion. The Ross Avenue Conversion was the largest switching machine at that time to be
8 cut into service. It consisted of 61 switching modules, over 45,000 access lines, over 50,000
9 private lines and required moving 11 interexchange carriers' facilities.

 In May 1988, I was transferred to St. Louis and worked in the Revenue Requirement and
11 State Regulatory Department for two years. In July 1990, I was named Executive Director -
12 Technology Program Management at Southwestern Bell Technology Resources, Inc., the research
13 and development subsidiary of Southwestern Bell Corporation. I assumed my current duties as
14 Vice President - New Services Development in Rockville, Maryland in March, 1994.

15 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY WITH THE MARYLAND**
16 **PUBLIC SERVICE COMMISSION?**

17 A. Yes, I explained the technical aspects of SBC-MV's network plan in my Direct Testimony
18 filed in Case No. 8587 on June 10, 1994. A copy of that Direct Testimony, attached hereto as
19 Exhibit A, is hereby reaffirmed and made a part of my testimony in this case.

1 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY.**

2 A. My testimony provides the technical information that supports SBC-MV's application to
3 provide local exchange service and network access services in Montgomery County. This
4 testimony provides SBC-MV's plans to build a highly reliable, state-of-the-art broadband
5 interactive, multimedia network in Montgomery County. SBC-MV will bring enhanced and
6 expanded video services, competitive local exchange services and access services to consumers.

7 **Q. DESCRIBE THE NETWORK ARCHITECTURE USED BY SBC-MV IN THE**
8 **EXISTING CABLE TELEVISION NETWORK.**

9 A. The Montgomery County cable system utilizes a "tree and branch" architecture. Tree and
10 branch networks are created using a central trunk cable for backbone transport. The distribution
11 network, or branches, stem off the trunk system to feed into neighborhoods, subdivisions,
12 townhomes and/or apartment complexes. As such, many customers are served through a cascade,
13 or series, of active electronic devices which amplify signals in order to maintain quality service
14 as the system extends away from the central distribution point, or headend. Each cascade may
15 contain as many as twenty-seven (27) amplifiers between the headend and customer. Each
16 amplifier is energized, or powered, from a power supply. A single power supply will energize
17 three to four amplifiers. Each cascade typically serves 5,000 to 10,000 homes. This approach
18 to network design has served the cable television industry well for many years. However, any
19 power supply or amplifier becomes a possible point of failure in the chain. The closer to the
 headend a power supply or amplifier fails, the more customers are affected by the failure.

1 **Q. WILL THE NEW NETWORK PROPOSED BY SBC-MV PROVIDE HIGHLY**
2 **RELIABLE TELEPHONE AND CABLE TV SERVICE?**

3 A. Yes. SBC-MV's new network will dramatically increase the reliability of the existing
4 cable television network through the reduction of the number of active devices, such as
5 amplifiers, serving the customer. This same new network also ensures high quality telephone
6 service. Approximately 130 million dollars will be spent to upgrade the total system and to
7 provide a state-of-the-art network for Montgomery County.

8 **Q. HOW WILL THE NEW NETWORK DIFFER FROM THE EXISTING CABLE**
9 **TELEVISION NETWORK?**

10 A. The architecture of our upgraded system will be a "star" system. This new architecture
11 is often called a Hybrid Fiber Coax System. The signals originating at the system headend and
12 switching office will be transported via fiber optic cable to hubs located throughout Montgomery
13 County. These hubs will support from 5,000 to 15,000 customers. The hubs will then feed
14 nodes, which in turn serve customer's homes. These nodes will serve 500 customers on average.
15 After building the network, the hubs will be connected via a self-healing fiber ring architecture
16 to provide virtually uninterrupted service. Such a system is configured in a "ring" or circular
17 shape that improves reliability because alternate routes for voice, data and video signals to travel
18 are available. These alternate routes allow the network to in essence, fix itself or be "self
19 healing". A self-healing ring simply re-routes its traffic via another path on the ring if a failure
20 in the primary fiber facility should occur.

1 Traditional coax cable will extend from the node to the homes served by the node. There
2 will be an average of three active devices in any coax cable route. This represents over an
3 eighty percent reduction in the number of active devices required to reach the extended areas of
4 the system compared to our existing network. Each hub and node will have a standby power
5 source which will meet or exceed Bell Communications Research (Bellcore¹) standards. The
6 whole system will be connected to a twenty-four hour status monitoring system in the Network
7 Operations Center.

8 **Q. WILL THE NEW SWITCHING OFFICE REQUIRE A DISTRIBUTION FRAME
FOR CROSS CONNECTIONS?**

10 A. No. The new Hybrid Fiber Coax network will be directly connected to our digital
11 switching system. This new switching office will not require a traditional frame for cross
12 connection, as all customers will be served over digital facilities and connected digitally. A
13 traditional distribution frame has cross connection points for the switch's dial tone line
14 appearances and different cross connection points for the outside copper cable pairs. A jumper,
15 or pair of wires, must be cross connected from the dial tone line equipment to the cable pair in
16 order for the customers to have service. Connecting digitally adds significantly to the reliability
17 of the overall network, because we will not have to deal with trouble-prone jumpers on a frame.

¹ Bellcore is the central service organization providing technical and management services for the Regional Holding Companies.

1 **Q. CAN SBC-MV'S TELEPHONE SWITCH PROVIDE CUSTOM CALLING**
2 **SERVICES?**

3 A. Yes. SBC-MV customers can receive touch tone, custom calling and call management
4 services, such as Caller-ID. Voice mail will also be available.

5 **Q. WILL YOU CERTIFY YOUR SWITCH AND SIGNALING SYSTEM 7 (SS7)**
6 **NETWORK?**

7 A. It is in SBC-MV's and its customers' best interest to ensure our switch and SS7 network
8 conform to industry standards. SBC-MV will comply with established industry guidelines for
9 certification of its switch and SS7 network.

10 **Q. WHAT TYPE OF NETWORK INTERFACE (DEMARCATON POINT) WILL BE**
11 **PLACED AT THE CUSTOMER PREMISE AND HOW WILL TROUBLE BE ISOLATED?**

12 A. A network interface unit will be mounted on the side of a customers home, near the
13 existing Cable Television (CATV) entry point as set forth in the tariff filed in this case. This unit
14 will be powered from SBC-MV's network and will detect and separate CATV services from
15 telephone services. There will be one coax cable drop² going into this box and two cables
16 coming out, one for video service and one for telephony services.

17 The Network Interface will be constructed to allow customers access to an RJ-11 jack to
18 test their own telephone service. The RJ-11 is the standard modular telephone jack. Integrated

² Wire from a distribution terminal to a subscriber's premises.

1 into the Network Interface is the ability to test the line from the central office. This testing will
2 enable SBC-MV's technicians to isolate most trouble calls to either a network related problem
3 or a customer's inside wiring problem.

4 **Q. HOW WILL YOU INSTALL YOUR CABLES AND EQUIPMENT TO REACH**
5 **YOUR CUSTOMERS?**

6 A. SBC-MV has existing pole attachment agreements with Potomac Electric Power Company
7 (PEPCO), Potomac Edison, Baltimore Gas & Electric (BG&E), Bell Atlantic-Maryland, Inc. (BA-
8 Maryland) and right-of-way permits with Maryland State Highway Administration (MSHA),
Montgomery County Department of Transportation (DOT) and Washington Suburban Sanitary
10 Commission. Therefore, we believe we have the necessary facilities in place to provide our
11 network.

12 **Q. WHAT KIND OF TECHNICAL EXPERTISE AND SUPPORT WILL BE NEEDED**
13 **AT SBC-MV TO PROVIDE LOCAL EXCHANGE TELEPHONE SERVICE?**

14 A. Technical expertise and support extends to several levels. The first level is the
15 management team described in the testimony of Mr. Michael Gilliam, President of SBC-MV.
16 Significant technical, managerial and marketing knowledge is available on site. Additionally,
17 highly trained technicians and support personnel will be employed to provision telephone service.

18 The second level comes from technical support received from the staff of Technology
19 Resources, Inc. (TRI), which is owned by Southwestern Bell Corporation. SBC-MV purchases

1 consulting and testing services from TRI. For example, TRI operates a testing facility in St.
2 Louis, Missouri. TRI will evaluate and test new telephone equipment and services before putting
3 them into service for Montgomery County customers.

4 The vendors from whom we purchase equipment and software provide the final level of
5 support. In the telecommunications industry, vendor support is superb. SBC-MV will take
6 advantage of its vendors' expertise to support our network.

7 **Q. HOW WILL YOU ENSURE SERVICE IS PROVIDED TO ESSENTIAL**
8 **CUSTOMERS IN EVENT OF A DISASTER?**

9 A. We will be capable of defining a class of service to be treated as an essential service
10 within the software of our digital switch and in our customer services database. Should a disaster
11 occur which results in high traffic volume, our digital switch will treat the essential services with
12 priority, ensuring their ability to make and receive such calls. This is a function of the switch
13 design.

14 If a disaster occurs that effects the outside distribution network, we will have the
15 capability through our customer service database to identify the essential services. Essential
16 services will therefore receive priority in the restoration efforts.

1 Q. DOES SBC-MV PLAN TO PROTECT THE NETWORK FROM THE UNUSUALLY
2 PEAKED LOAD RESULTING FROM MASS CALLING?

3 A. Yes. Mass calling is generally associated with contest or other promotional activities that
4 generate high call volumes, in a short period of time, to a limited number of telephone numbers.
5 SBC-MV will design its network to limit, or choke, calls to BA-Maryland's or any other local
6 exchange carriers' defined Mass Calling NXXs during periods of high traffic load to that defined
7 NXX.

8 Q. WILL YOUR ENTRY INTO THE MARKET EXHAUST 301-NXX CODES
9 PREMATURELY?

10 A. We do not believe our entry into the market will affect in any significant way the
11 exhaustion of the 301-NXX codes. Our service will be an alternative to BA-Maryland service.

12 Generally speaking, for every telephone number we assign to our customer, there will be
13 one less required by BA-Maryland. If an existing Bell Atlantic customer chooses to switch to
14 our service, BA-Maryland would be able to reuse the disconnected telephone number after an
15 appropriate "aging" period, thereby delaying their need for additional NXX's.

16 A much more significant impact on the exhaustion date of the 301-NXX codes is the
17 continued growth of additional services, such as cellular, paging, Enhanced Specialized Mobile
18 Radio (ESMR), voice mail, personal communications services such as the Bell Atlantic Mobile
19 Systems ContactLine^{ms3}, and the new cellular-like Personal Communications Networks as

3 A service mark of Bell Atlantic Mobil Systems.

1 proposed by the Federal Communications Commission. Customers use these types of service as
2 additions to, or in conjunction with, their local exchange service. Therefore, they have a much
3 more significant impact on the 301-NXX exhaustion date.

4 **Q. WHAT KIND OF COIN TELEPHONE SERVICE CAN SBC-MV PROVIDE?**

5 A. Coin telephone service is provided in two ways. One is through the use of coin
6 telephones of a type requiring central office capabilities to perform routing, charging and coin
7 control functions. We do not intend to equip our central office to perform those functions. To
8 the extent a customer wishes to employ a so-called "smart set" (one where the routing, charging
9 and coin control functions are self contained), we will provide those customers with access lines.

10 **Q. WILL YOU HAVE TIME AND WEATHER ANNOUNCEMENTS?**

11 A. At this time we do not plan to offer time and weather announcements from our switch.
12 SBC-MV customers who call time and weather announcements provided by other carriers, will
13 be able to complete calls to those announcement systems.

14 **Q. WILL SBC-MV PROVIDE INSTALLATION AND REPAIR OF TELEPHONE**
15 **INSIDE WIRING AT THE CUSTOMER PREMISE?**

16 A. Yes, SBC-MV plans to offer deregulated inside line maintenance service to customers with
17 existing inside wiring. We will also provide deregulated inside wire installation services.